



**Economic Development – 380 Agreement
Monitoring Follow-Up Audit
Report A2017-07**

Issued by the
Internal Audit Office
March 30, 2017

**City of El Paso
Internal Audit Office
Economic Development – 380 Agreement Monitoring
Follow-Up Audit No. A2017-07**

EXECUTIVE SUMMARY

The Internal Audit Office conducted a Follow-Up Audit of the Economic Development – 380 Agreement Monitoring Audit Report dated November 13, 2015. The original Audit Report contained six findings. Upon completion of the audit fieldwork, we have determined the status of the recommendation for each audit finding as outlined in the table below:

Finding No.	Description of Findings	Status
1	Economic & International Development does not have Policies and Procedures documenting the monitoring of incentive files.	Implemented
2	Economic & International Development is not conducting any analysis of an applicant's personal finances or business finances regarding an applicant's financial stability and capacity to complete a project.	In Progress
3	Economic & International Development does not report the actual dollar amount of incentives paid out to each recipient, both in monetary form and in waived fees.	In Progress
4	Deficiencies were noted with how incentive files are maintained, the lack of property inspections, and the consistency of providing incentives to similar projects.	Implemented
5	Companies requesting incentives are not consistently being required to submit a completed application or pay the appropriate application fee.	Implemented
6	Accela is not consistently being utilized to track "Key Dates" and the "Compliance Status" of applicable deadlines.	In Progress

For a detailed explanation of the findings and current observations please refer to the appropriate finding contained in the body of this Audit Report.

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BACKGROUND

Chapter 380 of the Texas Local Government Code authorizes municipalities to offer incentives designed to promote economic development such as commercial and retail projects. It authorizes offering loans, grants of City funds, or services at little or no cost in order to promote state and local economic development and to stimulate business and commercial activity. The City of El Paso currently provides 380, 351 and 312 agreement incentive opportunities for projects that will result in a net increase or retention of jobs, will add to the tax base or will otherwise improve or enhance the economic welfare of the residents and businesses of the City of El Paso.

The Economic & International Development Department aims to maximize devoted funds by investing in projects that clearly demonstrate the potential to generate revenues which outweigh costs associated with incentives. Incentive agreements are only presented to developments that show a clear demonstration of public purpose and economic benefit through the advancement of the City's economic goals which include expanding the tax base, creating quality jobs, increasing private capital investment in the community, spurring development in targeted County locations; and/or encouraging development of targeted businesses or clusters desirable to enhance the City's economy. Depending on the size of a company and its investment in El Paso, the City can award millions of dollars in tax breaks, waived fees and other incentives through its Incentive Agreement Program. In order to be eligible for incentives, a project must meet qualifying standards in at least one of the categories defined in the City of El Paso Incentives Policy. Given that the City has awarded an increased number of Incentive Agreements in recent years, the original audit was completed at the request of the Financial and Audit Oversight Committee (FAOC) in 2015.

AUDIT OBJECTIVES

The audit objective was to ensure that corrective action was taken by management to address the recommendations detailed in the original Audit Report dated November 13, 2015.

AUDIT SCOPE

The audit period covered the operations of Fiscal Year 2016 – 2017.

AUDIT METHODOLOGY

To achieve our audit objectives, we:

- Conducted interviews with Economic & International Development management and staff,
- Conducted a review of Economic & International Development Department's applicable Policies and Procedures,
- Conducted a review of Economic & International Development's 380 Agreement monitoring processes,
- Conducted a review of Economic & International Development's reporting mechanisms,
- Tested a sample of active 380 Agreement Incentive files monitored by Economic & International Development staff.

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We conducted this audit in accordance with Generally Accepted Government Auditing Standards and the International Standards for the Professional Practice of Internal Auditing. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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***ORIGINAL FINDINGS, ORIGINAL RECOMMENDATIONS, MANAGEMENT'S RESPONSE
TO ORIGINAL FINDINGS, CURRENT OBSERVATION, AND STATUS***

Based on the results of follow-up test work, each original finding recommendation will be designated with one of the following four status categories:

<i>Implemented</i>	The finding has been addressed by implementing the original corrective action or an alternative corrective action.
<i>In Progress</i>	The corrective action has been initiated but is not complete.
<i>Not Applicable</i>	The recommendation is no longer applicable due to changes in procedures or changes in technology.
<i>Not Implemented</i>	The recommendation was ignored, there were changes in staffing levels, or management has decided to assume the risk.

Finding: 1

Monitoring Policies and Procedures

City of El Paso Strategic Plan 2016:

- Goal 6.6 *Ensure continued financial stability and accountability through sound financial management, budgeting and reporting.*

Government Finance Officers Association (GFOA) Best Practice, "Monitoring Economic Development Performance dated February 2009 states, *For the purposes of consistency, transparency, and accountability, a clearly defined monitoring process should be a part of every economic development policy. Objectives of the monitoring process should include periodic evaluations of individual project performance by incentive and an evaluation of the cumulative costs, benefits, and degree of goal attainment of the jurisdictions overall program.*

Best business practices require that:

- *A strong system of internal controls requires that Policies and Procedures are written to document routine or repetitive activity followed by an organization. The development and use of Policies and Procedures are an integral part of a successful quality system as it provides individuals with the information and guidance to perform a job properly.*

Economic & International Development does not have Policies and Procedures documenting the monitoring of incentive files, specifically to include the review of incentive reimbursement requests.

Recommendation:

The Economic & International Development Department should document Policies and Procedures for the monitoring of incentive files and the review of incentive reimbursement requests.

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Management's Response

Within the next six months a "Contract Compliance Coordinator" will be hired, and will be placed under the Business Services section. This employee will work along with a Senior Economic Development Specialist to ensure review of all active agreements.

The CCC's main responsibility will be to develop and institute policies and procedures for appropriate monitoring of all contract agreements being managed by the Economic and International Development Department. The policy will support and be aligned with the newly approved City of El Paso Incentives Policy. This individual will conduct a best practices research project to gather information on what other cities of similar population size are doing in order to keep their EDO's in compliance with financial and sound governance. This individual will oversee all compliance of the entire incentive agreement portfolio regardless of section.

Responsible Party

Economic Development Department, Business Services Section, "Contract Compliance Coordinator"

Implementation Date

No later than August 31, 2016 (FY 2016)

Current Observation

The Economic & International Development Department has documented Policies and Procedures for the monitoring of incentive files and the review of incentive reimbursement requests.

During the course of the audit, two versions of the procedures were provided:

- Procedures titled "Contract Compliance Policies and Procedures" were provided on March 2, 2017.
- Procedures titled "Incentive Agreements Contract Compliance Policies and Procedures" were provided on March 16, 2017.
- At the request of the Internal Audit Office, the initial procedures were updated in order to reflect the procedures in practice for the review of incentive reimbursement requests.

Status

Implemented

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Finding: 2

Financial Stability of Incentivized Businesses

City of El Paso Strategic Plan 2016:

- Goal 6.13 *Maintain systems integrity, compliance, and business continuity.*

The City of El Paso Incentives Policy – Guidelines & Criteria dated February 2010 and November 2015:

- Section I. Purpose, *In order to be eligible for incentives, businesses or individuals must be current on all city taxes or any other obligation to the City.*
- Section III. & IV. General Criteria, *The project must include solid evidence provided by the business that demonstrates the business's financial stability and capacity to complete the project.*

The Infill Development Incentive Policy adopted on November 11, 2013 (Pg. 3) and the Downtown New Construction Incentive Policy adopted on February 19, 2013 (Pg. 4) both state, *The project must include solid evidence provided by the property owner that demonstrates the financial stability and capacity to complete the project, evidence can include financial statements for corporation or tax statements for an individual.*

12 out of 12 (100%) 380 Agreement Incentives files did not contain documentation providing evidence of financial stability of the individuals or businesses selected to participate in the incentive program. An applicant's financial stability and capacity is limited to reviewing the applicant's property tax payments.

Recommendation:

Economic & International Development should consider that incentive applicants demonstrate their business's financial stability and capacity to complete the project by requiring an analysis be conducted of an applicant's personal finances or business finances.

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Management's Response

The Economic and international Development Department will acquire an additional subscription for "business credit reports" through Dun and Bradstreet (Hoovers) to verify an applicant's financial stability. This database provides business credit reports for \$69-129.99 on average. The CCC will inform the applicant of the cost of the report, so that they can cover the expense.

A complete application packet will consist of:

- Incentives application (completely filled out)
- Proof of Insurance (only where projects are tied to jobs and investment)
- Credit Report

Responsible Party

Economic Development Department, all staff members handling incentives applications must ensure that they receive a complete application.

Implementation Date

No later than August 31, 2016 (FY 2016)

Current Observation

A review of five 380 Agreement files (3 General 380 Agreement; 2 Infill Development) awarded after September 1, 2016 identified that for 5 out 5 files (100%) Economic & International Development:

- Verified that incentive applicants are current on all city taxes.
- Did not conduct an analysis of an applicant's personal finances or business finances.
 - Economic Development is using a checklist titled "Staff Checklist" to indicate when "Proof of Financial Responsibility" is received from an applicant, but it does not demonstrate that a financial analysis was completed.

Status

In Progress

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Finding: 3

Not Reporting of Actual Incentive Costs

City of El Paso Strategic Plan 2016:

- Goal 6.6 *Ensure continued financial stability and accountability through sound financial management, budgeting and reporting.*
- Goal 6.8 *Support transparent and inclusive government.*
- Goal 6.13 *Maintain systems integrity, compliance, and business continuity.*

Economic & International Development does not report the actual dollar amount of incentives paid out to each recipient, both in monetary form and in waived fees.

- Economic & International Development's status updates to City Council continuously list the estimated amount of incentive packages or "Total Expected Payout."
 - Example: The 2015 City of El Paso 380 & 312 Development Agreement Profile booklet provided to City Council on November 3, 2015 lists the "Total Expected Payout" for the Double Tree Hotel as \$2,969,190.31. As of September 1, 2015 according to the PeopleSoft Financial System, the Double Tree has been paid a total of \$3,501,305.77 in incentives; \$532,115.46 over the estimated amount.
- Economic & International Development reports the maximum amount of waived fees of \$10,000.00 that an Incentive project can receive instead of the actual dollar amount of fees waived.
 - Example: The "Economic Development Inv & Job Creation" tracking sheet provided to the Internal Audit Office on November 4, 2015 lists the Lomaland West LLC project as receiving a total of \$10,000.00 in waived fees. The City Development Division identified a total of \$3,830.79 in waived fees provided to Lomaland West LLC.

Recommendation:

Economic & International Development should report the actual dollar amount of incentives paid out to each recipient, both in monetary form and in waived fees.

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Management's Response

The Economic & International Development Department have compiled and continuously update a comprehensive report that details and lists every executed incentive agreement in our portfolio. The report provides an executive summary listing all active agreements and an analysis of expected payouts, forecasted revenue, and an implementation schedule of when the company will be fully operational. As these projects are completed and or they've met their specific metric(s)/criteria actual payouts will be added.

Responsible Party

Economic Development Department, Business Services Section, "Contract Compliance Coordinator"

Implementation Date

Immediate

Current Observation

As of March 22, 2017, the Economic & International Development has not reported out to City Council the actual dollar amount of incentives paid out to each incentive recipient, both in monetary form and in waived fees.

The Economic & International Development Department is in the process of drafting the 380 Agreement Portfolio Booklet titled *City of El Paso 380, 351 & 312 2017 Development Agreement Profile* which lists actual incentives paid out to each incentive recipient.

- The booklet containing active agreements and does not contain agreements that have been closed, cancelled, or completed.
- The current booklet lists the maximum amount allowed for waived fees versus the actual amounts waived. According to the Economic Development Contract Compliance Coordinator, once the actual waived fee amounts are obtained, City Council will be provided with the Agreement Portfolio Booklet. Economic & International Development is working on obtaining from the Planning and Inspections Department the actual amount of waived fees issued on each agreement.

Status

In Progress

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Finding: 4

Incentive File Deficiencies

The City of El Paso's Strategic Plan 2015:

- Goal 6.4 *Implement leading-edge practices for achieving quality and performance excellence.*
- Goal 6.13 *Maintain systems integrity, compliance, and business continuity.*

The Infill Development Incentive Policy adopted on November 11, 2013 (Pg. 5) and the Downtown New Construction Incentive Policy adopted on February 19, 2013 (Pg. 5) both state, *During the term of such agreement, the City of El Paso will have the right to inspect the project facility during regular business hours to ensure compliance with the agreement and accuracy of the owner certification.*

Twelve (12) Incentive files were selected for review: 3 Downtown New Construction, 3 General 380 Agreement, 3 Infill Development, 3 Multi-family. The following deficiencies were noted:

- There does not appear to be a centralized filing system for the Incentive Agreement files. Documents are dispersed among manual files and electronic files.
- 6 out of 12 (50%) Incentive files reviewed (3 Infill and 3 Downtown New Construction) did not contain evidence of property inspections conducted by Economic & International Development staff.
- One (1) out of 3 (33.3%) Infill Incentive files reviewed was not provided a 380 Agreement for a Sales Tax Rebate. The other two Infill Incentive files reviewed were provided a Sales Tax Rebate.

Recommendation:

The Economic & International Development Department should:

- Establish a central filing system,
- Ensure property inspections conducted by the Economic & International Development staff are documented when required.
- Ensure applicants are provided with agreed upon incentives.

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Management's Response

The Contract Compliance Coordinator will establish a central filing system that ensures consistency and will be able to streamline the process for manual and electronic files. A customer relationship management (CRM) database will also be obtained no later than August 31, 2016 and utilized to upload and sustain information specific to each agreement that will also alert and ensure that property inspections and other compliance processes are completed.

Responsible Party

Economic Development Department, Business Services Section, "Contract Compliance Coordinator"

Implementation Date

Immediate

Current Observation

Economic & International Development has established a central filing system, is conducting property inspections, and is providing applicants with agreed upon incentives.

A review of five 380 Agreement files (3 General 380 Agreement; 2 Infill Development) awarded after September 1, 2016 identified that:

- Five (5) out of 5 files (100%) had what appears to be a fully documented file. Each incentive file has a hard copy file that is considered the "main" file and any documentation that is maintained electronically is considered a copy.
- Five (5) out of 5 files (100%) reviewed contained agreements and applicable forms for their corresponding agreed upon incentives.

Property Inspections, referred to as Site Visits, are being conducted by Economic & International Development staff. Pictures are taken during the site visits to evidence that the site visit was conducted. Accela, Economic Development's monitoring tool for Incentive Agreements, is not being utilized to track site visits because of its limited features. Now that a process has been established for site visits, Economic & International Development needs to establish a tracking and monitoring system in order to ensure that site visits are being conducted in accordance with established procedures.

Status

Implemented

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Finding: 5

Incentive Applications

City of El Paso Strategic Plan 2015:

- Goal 6.4 *Implement leading-edge practices for achieving quality and performance excellence.*
- Goal 6.8 *Support transparent and inclusive government.*
- Goal 6.13 *Maintain systems integrity, compliance, and business continuity.*

City of El Paso Incentives Policy – Guidelines & Criteria dated February 2010 Section V. Economic Development Incentive, *Companies meeting the qualification standards above who wish to pursue incentives will need to pay a \$750 nonrefundable application fee in order to formally request incentives.* The City of El Paso Incentives Policy – Guidelines & Criteria dated November 2015 does not require applicant to submit an application fee with their application.

The Infill Development Incentive Policy adopted on November 11, 2013, Procedural and Program Guidelines state, *Applicants shall submit a completed "Application for Infill Development Incentives" form for consideration of financial incentives to the Planning & Economic Development Department...*

The Downtown New Construction Incentive Policy adopted on February 19, 2013, Procedural and Program Guidelines state, *Applicants shall submit a completed "Application for Downtown New Construction Incentives" form for consideration of financial incentives to the Planning & Economic Development Department...*

A review of Economic & International Development's 380 Agreement files approved during the period of June 27, 2006 to April 28, 2015 identified that Companies requesting incentives are not consistently being required to submit a completed application or pay the application fee.

- Five (5) out of 12 projects (41.67%) did not have an application on file.
- Six (6) out of 12 projects (50.0%) had an incomplete application on file.
- One (1) out of 12 projects (8.33%) had a complete application on file.
- Companies meeting qualification standards who wished to pursue incentives were not being asked to pay a \$750.00 nonrefundable application fee in order to formally request incentives during the period when the fee was required. In FY 2015, a total of \$15,750.00 in application fees were not collected from the applicants of 21 Agreements that were approved.

Recommendation:

The Economic & International Development Department should ensure that companies requesting incentives are required to submit a completed application.

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Management's Response

The “Contract Compliance Coordinator” along with the Business Services & Redevelopment Section will ensure all proper documentation is submitted prior to conducting an incentives analysis. The policy and procedures that will be instituted to check every agreement for compliance will incorporate a checklist of all documents needing to be submitted along with an application, more importantly the application must be fully completed or “N/A” must be written in the space provided were the question does not apply to the project whose incentives are being requested.

A complete application packet will consist of:

- Incentives application (completely filled out)
- Proof of Insurance (only where projects are tied to jobs and investment)
- Credit Report

Responsible Party

Economic Development Department, all staff members handling incentives applications must ensure that they receive a complete application.

Implementation Date

No later than August 31, 2016 (FY 2016)

Current Observation

A review of five 380 Agreement files (3 General 380 Agreement; 2 Infill Development) awarded after September 1, 2016 identified that five (5) out 5 files (100%) contained a completed application.

During our review the following was noted:

- One (1) out 2 Infill Development files (50%) did not have the applicable "Required Documentation For Tax Exemption Application" documents checked-off.
- The “Department of Economic Development Incentives Application Form” in use for General 380 Agreements is different from the one located in the “City of El Paso Incentives Policy – Guidelines & Criteria” dated 2015.

Status

Implemented

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Finding: 6

Monitoring Key Dates

City of El Paso Strategic Plan 2016:

- Goal 6.4 *Implement leading-edge practices for achieving quality and performance excellence.*
- Goal 6.13 *Maintain systems integrity, compliance, and business continuity.*

The Chapter 380 Economic Development Program Agreements outline terms and conditions that must be met in order for incentives to be paid. The Agreements establish dates, referred to as "Key Dates," in which required documentation is to be submitted to Economic & International Development for review. 380 Agreement recipients must comply with key dates before they can submit reimbursement requests.

The monitoring of 380 Agreement files is dependent on the monitoring of key dates, deadlines and deadlines extensions. Key dates include deadlines for property purchase, construction commencement, date extensions resulting from a Default Notices, Certificate of Occupancy due dates, and tax abatement submittal dates. Economic & International Development utilizes Accela as a monitoring tool to help staff track "Key Dates" contained within each of the Chapter 380 Economic Development Program Agreements. When a 380 Agreement is executed, it is up to Economic Development staff to enter each agreement's "key dates" into Accela. Once the key dates are entered into Accela, Economic Development will receive automatic notifications that a key date is approaching.

Accela is not consistently being utilized to track "Key Dates" and their "Compliance Status."

A review of twelve (12) 380 Agreement files in Accela identified that:

- All applicable "Required Dates" and their "Compliance Status" were not entered into the Accela "Key Dates" section for 6 out of 12 (50%) files reviewed. The following dates were omitted when applicable:
 - Property purchase deadlines,
 - Construction commencement deadlines,
 - Certificate of Occupancy due dates,
 - Revised deadlines associated with Notices of Default,
 - Tax abatement submittal dates.
- 2 out of 12 (17%) projects had a delay in sending Notices of Default.
 - One project had a Certificate of Occupancy due date of 6/20/2015 - the Notice of Default was dated 7/15/2015.
 - One project had a Grant Submittal Package due 7/31/2014 - the Notice of Default was dated 4/13/2015 (the notice was sent when another key date had expired).

Recommendation:

Economic & International Development staff should ensure that the monitoring system utilized to track deadlines and compliance status for 380 Agreements is consistently utilized.

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Management's Response

The Contract Compliance Coordinator will utilize a customer relationship management (CRM) database that will be obtained no later than August 31, 2016. This tool will ensure that key information pertaining to each company/agreement will be uploaded, continuously monitored, and updated as we move forward. Accela will still be consistently utilized as it ensures coordination with key city departments such as planning and inspections, however, there are certain fields and information needed with each agreement that will be tailored through the use of the other CRM database.

Responsible Party

Economic Development Department, Business Services Section, "Contract Compliance Coordinator"

Implementation Date

Immediate

Current Observation

A review of four 380 Agreement files (1 General 380 Agreement; 3 Infill Development) that were sent Notices of Default in FY2017 identified that:

- All applicable "Required Dates" and their "Compliance Status" were entered into the Accela "Key Dates" section for 4 out of 4 (100%) files reviewed.
- Two (2) out of 4 (50%) projects had a delay in sending Notices of Default.
 - One project had proof of expenditures and a Certificate of Occupancy due date of 8/5/2016 - the Notice of Event Default was dated 1/12/2017 (160 days).
 - One project had year 1 expenditures due by 12/31/2015 – the Compliance Notification was dated 12/21/2016. Notification was sent out when Year 2 expenditures and the Certificate of Occupancy was due on 12/31/2016 (366 days).

During the course of the audit, it was identified that Accela is not being utilized to track site visits because of its limited features. The Economic & International Development Department is currently in the process of reviewing other software options to utilize for the monitoring and reporting of progress of incentive files.

Status

In Progress

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INHERENT LIMITATIONS

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods are subject to the risk that procedures may become inadequate due to changes in conditions, or that the degree of compliance with the procedures may deteriorate.

CONCLUSION

We have concluded our audit work on the objectives of the Economic Development – 380 Agreement Monitoring Follow-Up Audit. The audit evidence used in the analysis is sufficient and appropriate for addressing the objectives and supporting the observations and conclusion. In accordance with *Generally Accepted Government Auditing Standards*, we are required to conclude on whether Economic & International Development met the objectives of this Follow-Up Audit. Based on our audit work, we have determined that:

1. Economic & International Development met the audit objectives in the following areas:
 - Developed Policies and Procedures documenting the monitoring of incentive files,
 - Established a central filing system for incentive files,
 - Requires that all companies requesting incentives submit a completed application,
 - Provides applicants with agreed upon incentives,
 - Conducts property inspections/site visits,
 - Utilizes Accela to enter and track applicable “Key Dates” and their “Compliance Status” with the exception of site visit dates.
2. Economic & International Development did not meet the audit objectives in the following areas:
 - In conducting an analysis of an applicant’s personal or business finances in order to evaluate an applicant’s financial stability and capacity to complete a project.
 - In reporting to City Council the actual dollar amount of incentives paid out to each recipient, both in monetary form and in waived fees.
 - In sending out Notices of Default to recipients of City incentives.

We wish to thank Economic & International Development management and staff for their assistance and courtesies extended during the completion of this Follow-Up Audit.

Signature on File

Edmundo S. Calderón, CIA, CGAP, CRMA, MBA
Chief Internal Auditor

Signature on File

Liz De La O, CFE, CIA, CGAP, MPA
Auditor III

Signature on File

Miguel Montiel, CIA, CGAP
Auditor IV

Distribution:

Financial and Audit Oversight Committee
Tomas Gonzalez, City Manager
Cary S. Westin, Deputy City Manager of Economic Development & Tourism
Jessica Herrera, Interim Director of Economic & International Development



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District 8

Cortney C. Niland

City Manager

Tommy Gonzalez

To: Edmundo Calderon, Chief Internal Auditor

From: Economic & International Development Department – Jessica Herrera, Interim Director

Subject: Economic Development – 380 Agreement Monitoring Follow Up Audit No. A 2017-07

Date: May 2, 2017

CC: Cary Westin, Deputy City Manager, Economic Development and Tourism

As a follow up to our audit conducted on our Chapter 380 Economic Development Agreement Monitoring Report we are providing our responses below for findings that were designated as in progress and although corrective action has been initiated these areas are not yet complete.

Finding #2: The Economic & International Development Department will be assessing the feasibility and costs incurred of retaining a third party accounting firm that can review the applicant's financial stability and capacity to complete the project. Concurrently, we are in the process of evaluating other best practices that other Economic Development Organizations conduct when reviewing the financial stability of an applicant(s).

Responsible Party: The Economic Development Department is Responsible for carrying this out and working hand in hand with our Contract Compliance Coordinator who oversees this area and the respective divisions of the department that handle incentive applications.

Implementation Date: No later than August 31, 2017 (FY 2017)

Finding # 3: The Department has compiled a comprehensive digital and hard copy booklet that lists all key points of every 380 and 312 incentive agreements that have been created to date. This includes an executive summary listing all active agreements and an analysis of expected payouts, forecasted revenue and an implementation schedule of when the company will be fully operational. A financial analysis listing "actual dollar amounts both in monetary form and fee(s) payouts" will be added to the booklet wherever

Jessica Herrera – Interim Director

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appropriate, as some agreements while they've been executed they're still in the ramp-up phase and planning and development fees are now rebated. We will also add what the other taxing entities will be generating as a result of the project to provide a more comprehensive overview on the economic impact of the project(s). Our Contract and Compliance Coordinator will also be providing a quarterly report to the City Manager and the Internal Audit Office so that it can be included in the City Manager's report to Mayor and Council.

Responsible Party: The Department and its respective divisions who handle our various incentive programs are responsible for carrying this out and working alongside our Contract Compliance Coordinator to ensure we follow our policies and procedures set in place.

Implementation Date: Immediate

Finding # 6: Our Contract and Compliance Coordinator will be verifying that Accela is consistently utilized to track "key dates" and "compliance status" of application deadlines. We will verify that our policy and procedures allow our department to verify, utilize, and update Accela through each of the various key phases of the process prior to an executed incentive agreement and after. Our department is also evaluating a CRM tool that is tailored to Economic Development Organizations and allows for the ability to track and update each of these agreement(s).

Responsible Party: The Department and its respective divisions who handle our various incentive programs are responsible for carrying this out and working alongside our Contract Compliance Coordinator to ensure we track and verify these dates and status.

Implementation Date: Immediate